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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
February 2000 Grand Jury

UNITED STATES OF AMERICA,	)	Criminal Case No. _____
	)	
Plaintiff,	)	<u>I N D I C T M E N T</u>
	)	
v.	)	Title 18, U.S.C., Secs. 1341 and
	)	1346 - Mail Fraud; Title 18,
STEVEN MARK LASH,	)	U.S.C., Secs. 1343 and 1346 -
	)	Wire Fraud; Title 18, U.S.C.,
Defendant.	)	Sec. 2314 - Interstate
	)	Transportation in Scheme to
	)	Defraud; Title 18, U.S.C.,
	)	Sec. 1344 - Bank Fraud; Title 18,
	)	U.S.C., Sec. 2 - Aiding and
_____	)	Abetting

The grand jury charges:

**ALLEGATIONS COMMON TO ALL COUNTS**

\_\_\_\_1. At all times material to this Indictment, FPA Medical Management, Inc. (hereinafter "FPA") was a Delaware corporation, with its principal office in San Diego, California, which derived substantially all of its operating income from payments for managed care medical services and for emergency department medical services.

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SPC:nlv:San Diego  
3/14/03

1       2. Defendant STEVEN MARK LASH was Executive Vice President and  
2 Chief Financial Officer of FPA from September 1, 1994, until he was  
3 removed from the position of Chief Financial Officer on March 25,  
4 1998, remaining as Executive Vice President of FPA until June 1998.

5       3. At all times material to this Indictment, BankBoston (now  
6 known as Fleet National Bank) was a financial institution, the  
7 deposits of which were insured under the Federal Deposit Insurance  
8 Act, which acted as the administrative bank for a group of financial  
9 institutions which extended loans, funds, and lines of credit to FPA.

10                   Counts 1-19

11                   (Wire Fraud)

12       1. Beginning on a date unknown to the grand jury, and  
13 continuing to and including July 31, 1998, in the Southern District  
14 of California, and elsewhere, defendant STEVEN MARK LASH, did  
15 knowingly devise and intend to devise a scheme to defraud and to  
16 obtain money and property by means of materially false and fraudulent  
17 pretenses, representations and promises, and the concealment of  
18 material facts, by depriving FPA Medical Management, Inc. (hereinafter  
19 "FPA"), and its shareholders, of their right to the honest services  
20 of the defendant, free from dishonesty, deceit, and self-dealing.

21       2. It was part of the scheme to defraud that defendant STEVEN  
22 MARK LASH:

23               (a) intentionally made materially false representations and  
24 omitted material facts concerning FPA's financial condition and  
25 operations in FPA's Forms 8-K, 10-K and 10-Q, filed with the United  
26 States Securities and Exchange Commission ("SEC"), in FPA press  
27 releases, in FPA conference calls with investment bankers and Wall  
28

1 Street analysts, and in FPA communications with financial institutions  
2 which were or became lenders to FPA;

3 (b) intentionally reported fictitious earnings for FPA to  
4 the public, investment bankers and Wall Street analysts, and FPA's  
5 lenders;

6 (c) intentionally concealed from the public, investment  
7 bankers and Wall Street analysts, and FPA lenders the company's use  
8 of "cookie jar reserves" to create fictitious earnings;

9 (d) intentionally misrepresented to the public, investment  
10 bankers and Wall Street analysts, and FPA's lenders that businesses  
11 acquired by FPA had been successfully integrated into FPA, both  
12 operationally and for financial reporting purposes;

13 (e) intentionally concealed from the public, investment  
14 bankers and Wall Street analysts, and FPA's lenders material facts  
15 about FPA's liabilities;

16 (f) intentionally concealed material facts from FPA's  
17 auditors, Deloitte and Touche (hereinafter "D&T");

18 (g) intentionally concealed material facts from members of  
19 FPA's board of directors;

20 (h) intentionally misrepresented to the public, Wall Street  
21 analysts, FPA's lenders, FPA's auditors, and members of FPA's board  
22 of directors that FPA had positive cash flow from operations,  
23 exclusive of one-time costs associated with acquisitions;

24 (i) directed FPA employees to create false, fictitious, and  
25 misleading financial information and bookkeeping entries in order to  
26 inflate FPA's earnings artificially;

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1 (j) made, and caused FPA employees to make, false  
2 statements to FPA lenders relating to loans, loan covenants, and lines  
3 of credit;

4 (k) personally obtained more than \$1.4 million dollars from  
5 the sale of FPA stock at prices kept artificially high by the  
6 defendant's false representations and material omissions in FPA's SEC  
7 filings, in FPA press releases, and in FPA conference calls with Wall  
8 Street analysts;

9 (l) obtained millions of dollars in FPA bonuses and FPA  
10 stock options on the basis of the foregoing false representations and  
11 material omissions;

12 (m) caused FPA shareholders who bought and held FPA stock  
13 in reliance on the foregoing false representations and material  
14 omissions to lose millions of dollars in FPA share value upon the  
15 disclosure of the company's true financial condition;

16 (n) caused FPA lenders to lose more than \$300 million upon  
17 FPA's default on the loans and lines of credit obtained on the basis  
18 of the defendant's false representations and material omissions; and

19 (o) misappropriated and converted more than a hundred  
20 thousand dollars worth of FPA property to the defendant's personal use  
21 and benefit.

22 3. On or about the dates set forth below, in the Southern  
23 District of California, and elsewhere, defendant STEVEN MARK LASH, for  
24 the purpose of executing and attempting to execute the aforementioned  
25 scheme to defraud and to obtain money and property by false and  
26 fraudulent pretenses, representations, and promises, and the  
27 concealment of material facts, did transmit and cause to be  
28 transmitted, in interstate and foreign commerce, by means of wire,

1 radio, and television communication, the writings, signs, signals,  
2 pictures, and sounds set forth below.

3	<u>COUNT</u>	<u>DATE</u>	<u>SENDER</u>	<u>RECEIVER</u>	<u>COMMUNICATION</u>
4	1	2/27/97	FPA	Morgan Walke	Press release
5	2	3/31/97	FPA	SEC	Form 10-K405
6	3	4/29/97	FPA	SEC	Form 10-K405/A
7	4	4/30/97	FPA	Morgan Walke	Press release
8	5	4/30/97	FPA	Morgan Walke	Conference call
9	6	5/15/97	FPA	SEC	Form 10-Q
10	7	7/30/97	FPA	Morgan Walke	Press release
11	8	7/30/97	FPA	Morgan Walke	Conference call
12	9	7/30/97	Steven M. Lash	Jack Greenman	e-mail
13	10	7/31/97	Walter Marullo BankBoston	Steven M. Lash FPA	Letter re Credit Agreement
14	11	8/1/97	Steven M. Lash FPA	Walter Marullo BankBoston	Letter re Credit Agreement
15	12	8/14/97	FPA	SEC	Form 10-Q
16	13	10/30/97	FPA	Morgan Walke	Press release
17	14	11/15/97	FPA	SEC	Form 10-Q
18	15	1/8/98	FPA	Morgan Walke	Press release
19	16	3/6/98	FPA	Morgan Walke	Press release
20	17	3/6/98	FPA	Morgan Walke	Conference call
21	18	4/1/98	FPA	SEC	Form 10-K
22	19	4/2/98	Steven M. Lash	Jack Greenman	e-mail

24 All in violation of Title 18, United States Code, Sections 1343, 1346,  
25 and 2.

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Counts 20-26

(Mail Fraud)

1. Paragraphs 1 and 2 of Counts 1-19 are realleged and incorporated here.

2. On or about the dates set forth below, in the Southern District of California, and elsewhere, defendant STEVEN MARK LASH, for the purpose of executing and attempting to execute the aforementioned scheme to defraud and to obtain money and property by false and fraudulent pretenses, representations, and promises, and the concealment of material facts, did cause to be placed in a United States post office or other authorized depository for mail matter, items to be delivered by the United States Postal Service according to the directions thereon, and caused to be deposited items to be sent and delivered by private and commercial interstate carriers, as set forth below.

<u>COUNT</u>	<u>DATE</u>	<u>SENDER</u>	<u>ADDRESSEE</u>	<u>ITEM</u>
20	3/10/97	William Gonzaba FPA/Gonzaba	Seth Flam FPA	Letter re FPA finances
21	10/1/97	MCI	FPA	Invoice
22	10/8/97	Amy Ploch FPA	Rich Reeves	FedEx re campaign contributions
23	10/14/97	American Airlines	FPA	Invoice for \$300,630
24	12/5/97	Steven M. Lash	Charles C. Woodard FPA BankBoston	Letter re FPA finances
25	3/1/98	MCI	FPA	Invoice
26	6/25/98	James Lebovitz FPA	Steven M. Lash	Letter re MCI credits

All in violation of Title 18, United States Code, Sections 1341, 1346, and 2.



1 Street analysts, and in FPA communications with financial institutions  
2 which were or became lenders to FPA;

3 (b) intentionally reported fictitious earnings for FPA to  
4 the public, investment bankers and Wall Street analysts, and FPA's  
5 lenders;

6 (c) intentionally concealed from the public, investment  
7 bankers and Wall Street analysts, and FPA lenders the company's use  
8 of "cookie jar reserves" to create fictitious earnings;

9 (d) intentionally misrepresented to the public, investment  
10 bankers and Wall Street analysts, and FPA's lenders that businesses  
11 acquired by FPA had been successfully integrated into FPA, both  
12 operationally and for financial reporting purposes;

13 (e) intentionally concealed from the public, investment  
14 bankers and Wall Street analysts, and FPA's lenders material facts  
15 about FPA's liabilities;

16 (f) intentionally concealed material facts from FPA's  
17 auditors, Deloitte and Touche (hereinafter "D&T");

18 (g) intentionally concealed material facts from members of  
19 FPA's board of directors;

20 (h) intentionally misrepresented to the public, Wall Street  
21 analysts, FPA's lenders, FPA's auditors, and members of FPA's board  
22 of directors that FPA had positive cash flow from operations,  
23 exclusive of one-time costs associated with acquisitions;

24 (i) directed FPA employees to create false, fictitious, and  
25 misleading financial information and bookkeeping entries in order to  
26 inflate FPA's earnings artificially;

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1 (j) made, and caused FPA employees to make, false  
2 statements to FPA lenders relating to loans, loan covenants, and lines  
3 of credit; and

4 (k) caused FPA lenders to lose more than \$300 million upon  
5 FPA's default on the loans and lines of credit obtained on the basis  
6 of the defendants' false representations and material omissions; and;

7 3. On or about December 5, 1997 in the Southern District of  
8 California, and elsewhere, defendant STEVEN MARK LASH, knowingly  
9 executed and attempted to execute the aforementioned scheme to defraud  
10 by submitting to BankBoston, in support of FPA's request for an  
11 extension and enlargement of a line of credit, loans, and other funds,  
12 a letter which falsely stated that FPA was cash flow positive from  
13 operations exclusive of one-time costs associated with acquisitions.  
14 All in violation of Title 18, United States Code, Sections 1344 and 2.

15 DATED: February 12, 2002.

16 A TRUE BILL:

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19 \_\_\_\_\_  
Foreperson

20 PATRICK K. O'TOOLE  
21 United States Attorney  
22

23 \_\_\_\_\_  
STEPHEN P. CLARK  
24 Assistant U.S. Attorney  
25

26 \_\_\_\_\_  
KEVIN J. KELLY  
27 Assistant U.S. Attorney  
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